

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01  
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04  
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07  
PA-01 PRS-01 /104 W  
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R 161950Z MAY 77  
FM USMISSION NATO  
TO SECSTATE WASHDC 3636  
SECDEF WASHDC  
INFO JCS WASHDC  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY PARIS  
USNMR SHAPE BE  
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 01 OF 02 NATO 03430

E.O. 11652: GDS  
TAGS: MARR NATO  
SUBJECT: JOINT MEETING OF CENTRAL EUROPE PIPELINE POLICY  
COMMITTEE (CEPPC) AND CENTRAL EUROPE PIPELINE OFFICE  
(CEPO) IN BONN, GERMANY, 9-11 MAY 1977

SUMMARY: THE ANNUAL JOINT MEETING OF THE CENTRAL EUROPE  
PIPELINE POLICY COMMITTEE (CEPPC) AND CENTRAL EUROPE  
PIPELINE OFFICE (CEPO) HELD IN BONN CONSIDERED RESIDUAL  
FINANCIAL AND PERSONNEL PROBLEMS OF THE CENTRAL EUROPE  
PIPELINE SYSTEM (CEPS) AND FAILED TO REACH AGREEMENT DUE  
TO DIVERGENT FRENCH POSITIONS. THE FRENCH REP TO CEPPC  
(GENTILHOMME) DID NOT APPROVE THE SUMMARY RECORD OF THE  
MARCH MEETING (AC/120-R/235, 23 MARCH 1977) ON THE BASIS  
THAT THE DOCUMENT HAD NOT BEEN RECEIVED, AND INDICATED  
THAT THE GENERAL MANAGER'S NOTICE TO BAYLAC STATING THAT  
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HIS CONTRACT WOULD NOT BE RENEWED WAS ILLEGAL. AN AGREE-  
MENT WAS REACHED, WITH FRENCH RELUCTANCE, TO OPEN THE  
FURFELD-WORTH SECTION OF THE FURFELD-KEHL PIPELINE IN  
AUGUST 1977 TO MEET MILITARY REQUIREMENT. THE US REP TO  
CEPO (LAVIS) ANNOUNCED THAT PENDING RESOLUTION OF PROBLEMS  
REVEALED DURING RECENT USE OF L'ESPIQUETTE SEALINE THE US  
IS WITHHOLDING PAYMENT FOR STORAGE OF FUEL AND EXCESS

DEMURRAGE CHARGES. HE REQUESTED AN IMPARTIAL INVESTIGATION OF CIRCUMSTANCES SURROUNDING THE DIVERSION OF US TANKERS OFFLOADING AT THIS FACILITY. END SUMMARY.

ITEMS OF PRINCIPAL INTEREST ARE REPORTED BELOW AND ARE KEYED TO AGENDA ITEMS.

I. APPROVAL OF SUMMARY RECORD. THE FRENCH REP WITHHELD APPROVAL OF THE SUMMARY RECORD FOR THE MARCH CEPPC MEETING, AC/120-R/235 DATED 23 MARCH 1977, ON THE GROUNDS THAT HE HAD NOT RECEIVED A COPY.

II. MILITARY TARIFFS - EXCHANGE RATE FLUCTUATIONS. THE CHAIRMAN OF CEPPC (ILLING) INQUIRED IF ANY NATIONS HAD CHANGED THEIR POSITION ON THE CEOA PROPOSAL FOR TARIFF RATE FLUCTUATIONS. ALL NATIONS HAD PREVIOUSLY SUPPORTED THE CEOA PROPOSAL EXCEPT FRANCE, WHICH HAS MADE A SUBSTITUTE PROPOSAL. SINCE NONE OF THE NATIONS HAD CHANGED THEIR POSITION, THE CHAIRMAN ASKED THE FRENCH REP IF HE COULD ACCEPT THE CEOA PROPOSAL. THE FRENCH REP DECLINED TO DO SO. AS A RESULT, CEOA WAS REQUESTED TO PERFORM A MORE COMPREHENSIVE STUDY OF THE TWO PROPOSALS. DURING A REVIEW OF THE COMPARISON CONTAINED IN AC/120-WP/268, IT WAS BROUGHT OUT THAT THE CEOA HAD BEEN USING THEORETICAL DATA UPON WHICH TO DEVELOP THE BILLING COMPARISON. THE COMMITTEES REQUESTED THAT THE NEW STUDY BE BASED ON REAL DATA.

III. CEOA ESTABLISHMENT. THE FRENCH REP MAINTAINED HIS CONFIDENTIAL

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PREVIOUS POSITION ON THE TERMINATION OF MR. BAYLAC'S EMPLOYMENT BY CEOA, AND THE ISSUE REMAINS IN DEADLOCK. THE FRENCH RESERVATION ON MR. FEINBERG'S EMPLOYMENT WAS NOT LIFTED.

IV. PIPELINE PROJECTS IN THE INFRASTRUCTURE PROGRAM (RHINE CROSSING AT KEHL, PUMP ENGINE AT CHALONS-SUR-MARNE, REPLACEMENT OF ADN ENGINES). A REVIEW OF THE ADN ENGINE PROCUREMENT INDICATED THAT THE NEW ACCELERATED BIDDING PROCEDURES BEGAN ON 28 APRIL 1977. CEOA WILL ASSIST THE NATO MAINTENANCE & SUPPLY AGENCY (NAMSA) IN A TECHNICAL EVALUATION OF ALL BIDS. THE EXPECTED DATE FOR SIGNING OF THE CONTRACT IS 11 NOVEMBER 1977. CEOA HAS NOT YET APPLIED TO ACT AS HOST NATION FOR THE RHINE CROSSING AT KEHL. THE US REP TO CEPPC (FRANK) REQUESTED THAT THE CEOA APPLICATION FOR HOST NATION STATUS BE PUBLISHED AS AN AC/120 DOCUMENT, AND THE COMMITTEES AGREED TO THIS PROCEDURE.

VI. FURFELD-KEHL PIPELINE - TAKE-OVER OF FURFELD-WORTH SECTION. THE NATIONS AGREED TO TAKE OVER THE FURFELD-WORTH SECTION OF THE FURFELD-KEHL PIPELINE IN VIEW OF MILITARY REQUIREMENT. THE FRENCH DISPLAYED SOME RELUCTANCE AND MAY LATER OPPOSE O AND M FUNDS FOR THIS LINE.

VIII. OFFICE COMPUTER FOR CEOA, RESULT OF CALL FOR BIDS. ALL NATIONS EXCEPT THE NETHERLANDS AGREED TO THE PURCHASE OF A BURROUGHS COMPUTER (SECOND LOWEST BID). WHEN IT WAS POINTED OUT THAT THE LOW BID SUPPORTED BY THE NETHERLANDS CONCERNED A COMPUTER WITH NO CAPACITY TO ACCEPT FUTURE PROGRAMS, THE NETHERLANDS REP (DEN TURK) INDICATED THAT HE WOULD SEEK NEW INSTRUCTIONS. THE GERMAN REP (DORR)

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C O N F I D E N T I A L SECTION 02 OF 02 NATO 03430

UNBLOCKED FUNDS FOR THE PURCHASE OF THE BURROUGHS COMPUTER.

IX. ANY OTHER BUSINESS.

A. THE REPLACEMENT OF THE DIRECTOR OF DIVISION I OF CEOA WAS ANNOUNCED. MR. CRETIN WILL BE REPLACED BY MR. RAPHEL.

B. THE US REP TO CEPO ANNOUNCED THAT, AS A RESULT OF THE

UNSAFE CONDITION OF THE MOORING FACILITIES AT L'ESPIQUETTE  
AND THE FACT THAT THE FUEL CANNOT BE WITHDRAWN FROM THIS  
FACILITY, THE US IS WITHHOLDING PAYMENT FOR STORAGE OF  
FUEL AND EXCESS DEMURRAGE CHARGES FOR THE TWO US TANKERS  
THAT HAD TO BE DIVERTED. HE REQUESTED AN IMPARTIAL  
INVESTIGATION OF CIRCUMSTANCES SURROUNDING OFFLOADING OF  
FUEL AT THIS FACILITY.BENNETT

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